



May 1, 2014

RE: House Transportation Funding Package, Including But Not Limited To: HB 5459, HB 5477, HB 4358, HB 4630, HB 5452, HB 5453, HB 4251, HB 5167, HB 4925, HB 5460, HB 5492

Dear Representative,

The transportation funding plan unveiled by House Speaker Jase Bolger on April 3 is a positive step forward for road funding. However, according to the Speaker, it will bypass the top half of the Public Act 51 (1951) transportation funding formula, and allocate new revenues only to roads. A significant piece of the bypassed portion of the formula is the Comprehensive Transportation Fund (CTF), which funds public transit in Michigan.

If we are going to start to tackle the shortfalls of Michigan's transportation funding, we need to do so through the *full* Act 51 formula so that our state's *full* transportation system can benefit from the new revenues that are generated. The function of the Act 51 formula is to distribute state transportation revenues through the state's full transportation system, not just one leg of it.

Regardless of how much new revenue is raised from the Speaker's transportation funding plan, allocating all of it to roads repeats a major flaw of the 1997 gas tax increase (1997 PA 83). Every year since, the CTF has missed out on approximately \$15.2 million that could have come from the new revenue generated by the 1997 gas tax increase¹. Totalling that up over the past 17 years, the CTF has missed out on \$259 million from not being included in the 1997 gas tax increase.

If the Speaker's transportation funding plan goes through the full Act 51 formula, up to \$38 million per year² could go to the CTF. This is an annual 24% increase in CTF. However, pending legislation included in the plan, \$369 million in new transportation revenue would be dedicated solely to roads, through the bottom half of the Act 51 formula³. This removes \$31 million from its rightful place in the CTF.

1 - Based on the House Fiscal Agency current estimate of \$45 million revenue per \$0.01 of the gasoline tax, and 8.47% as the fraction of the total Michigan Transportation Fund (MTF) that the CTF received in FY 2012-2013

2 - Using 8.47% CTF fraction, as in FY 2012-2013 budget

3 - HB 5459 and HB 5492

The data demonstrating the growing value of transit is plentiful. Last year, over 95 million passenger trips were taken by local public transit in Michigan⁴. Nationally, public transit ridership hit record heights that haven't been seen in 57 years, topping off at 10.7 billion passenger trips⁵. Across Michigan over \$730 million in economic and other benefits come from public transit⁴. On average, property values perform 42% better if they are located near public transportation with high-frequency service⁶. These are impacts we simply can't ignore as we make decisions on how to more adequately fund Michigan's transportation system.

We urge you to amend the Speaker's plan to use the full Act 51 Formula, including HB 5459 and upcoming legislation that dedicates 1% of Use Tax revenue specifically to roads.

Sincerely,



Chris Kolb
President & CEO
Michigan Environmental Council

On Behalf Of:
Disability Advocates of Kent County
Ecology Center
Gamaliel of Michigan
MASSTrans
Metropolitan Organizing Strategy Enabling Strength
Michigan Association of Railroad Passengers
Michigan Environmental Council
Michigan Land Use Institute
Michigan League of Conservation Voters
Michigan Public Transit Association
Programs to Educate All Cyclists
Transportation Riders United

4 - MDOT Fast Facts 2014 Overview

5 - American Public Transportation Association, "Record 10.7 Billion Trips Taken On U.S. Public Transportation in 2013," March 10, 2014

6 - Center for Neighborhood Technology, "The New Real Estate Mantra: Location Near Public Transportation," March 2013